

## ARTICLE 3-04

### CODE OF ETHICS

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#### CHAPTER 3-04-01 APPLICABILITY OF RULES

#### Section

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**3-04-01-01. Suspension and revocation.** Repealed effective March 1, 1995.

**3-04-01-02. Applicability.** An accountant engaged in the practice of public accounting must observe all of the provisions of the code of ethics. An accountant not engaged in the practice of public accounting must observe only sections 3-04-01-05, 3-04-01-06, 3-04-02-02, 3-04-03-01, 3-04-04-02, 3-04-06-01, and 3-04-06-03 since all other provisions of the code of ethics relate solely to the practice of public accounting. An accountant practicing outside of North Dakota will not be subject to discipline for departing from any of the provisions of the code of ethics so long as the accountant's conduct is in accord with the rules of the organized accounting profession in the state in which the accountant is practicing, as interpreted by the accountancy board of that state.

**History:** Amended effective July 1, 1991; March 1, 1995; October 1, 1999.

**General Authority:** NDCC 43-02.2-03

**Law Implemented:** NDCC 43-02.2-03

**3-04-01-03. Associates.** An accountant may be held responsible for compliance with the code of ethics by all persons associated with the accountant in the practice of public accounting who are either under the accountant's

supervision, or who are fellow partners or shareholders or owners with the accountant.

**History:** Amended effective March 1, 1995; October 1, 1999.

**General Authority:** NDCC 43-02.2-03

**Law Implemented:** NDCC 43-02.2-03

**3-04-01-04. Nonpractitioners.** Repealed effective October 1, 1999.

**3-04-01-05. Transfer of responsibility.** An accountant shall not permit others to carry out on the accountant's behalf, either with or without compensation, acts which, if carried out by the accountant, would place the accountant in violation of the code of ethics.

**General Authority:** NDCC 43-02.2-03

**Law Implemented:** NDCC 43-02.2-03

**3-04-01-06. Aiding unauthorized practice of public accounting.** A CPA or LPA shall not aid in the unauthorized practice of public accounting.

**History:** Effective October 1, 1982; amended effective March 1, 1995.

**General Authority:** NDCC 43-02.2-03

**Law Implemented:** NDCC 43-02.2-03

**3-04-01-07. Dividing fees with noncertified public accountant or nonlicensed public accountant.** Repealed effective October 1, 1999.

**3-04-01-08. Avoiding influence by noncertified public accountants or nonlicensed public accountants.** A minority of the ownership of a firm practicing public accountancy within this state may be held by individuals who are not CPAs or LPAs, but each such owner:

1. Must be an individual;
2. Must not serve as the principal executive officer of the firm;
3. Must not exercise authority over the performance of audit, review, compilation, or other attest services; and
4. Must not aid in the unauthorized practice of public accounting, or knowingly misrepresent facts, or commit any act discreditable to the accounting profession.

When any such owner fails to meet one of these conditions, or is convicted of a felony or other crime involving fraud or dishonesty, or is disciplined by a regulatory

agency, that person's ownership in the firm must be fully divested within six months thereafter, unless the board shall determine otherwise.

**History:** Effective October 1, 1982; amended effective March 1, 1995; September 1, 1997; October 1, 1999.

**General Authority:** NDCC 43-02.2-04

**Law Implemented:** NDCC 43-02.2-03